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Working Group on Measuring E-commerce and the Digital Economy

Note by the UNCTAD secretariat

Executive summary

The present concept note addresses item 4 of the provisional agenda for the second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy. It concerns the possible establishment of a Working Group on Measuring E-commerce and the Digital Economy, explaining the need that it would address and outlining the role of the Working Group, its potential outputs and activities, its practical arrangements and extrabudgetary resource requirements.

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Context

1. The terms of reference for a new Intergovernmental Group of Experts on E-commerce and the Digital Economy were agreed upon by the Trade and Development Board on 5 April 2017, with its first session taking place on 4–6 October 2017 in Geneva.

2. The possible establishment of a Working Group on Measuring E-commerce and the Digital Economy arose as one of the agreed policy recommendations from the first session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy, for consideration by the Trade and Development Board at its sixty-sixth executive session in February 2018.

3. The agreed policy recommendations of that first session included two recommendations that directly concerned statistics and in which the Intergovernmental Group of Experts:

> 11. Encourages initiatives that improve the availability of statistics for developing countries, including the joint initiative of UNCTAD, United Nations regional commissions, the Organization for Economic Cooperation and Development, the Universal Postal Union, the World Bank, the World Customs Organization and the World Trade Organization to improve the measurement of cross-border e-commerce; and invites development partners to contribute by supporting capacity-building in this area;
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> 12. Recommends the establishment of a Working Group on Measuring E-commerce and the Digital Economy in a format that aligns with available resources; and invites the secretariat to prepare a concept note on the working group and explore interest among development partners to financially support its operations (TD/B/EDE/1/3, chapter I, paragraphs 11 and 12).

4. On 7 February 2018, at its sixty-sixth executive session, the Trade and Development Board decided to take into consideration the policy recommendations of the first session of the Intergovernmental Group of Experts. The present concept note therefore addresses in particular the recommendations on the possible establishment of a Working Group on Measuring E-commerce and the Digital Economy.

5. The Working Group would focus on how to improve the availability of statistics related to e-commerce and the digital economy, involving national statistical offices and other organizations concerned with the collection of relevant data.

I. The need for better data and statistics to inform policies

6. Information and communications technologies (ICTs) have a growing role in the implementation of the 2030 Agenda for Sustainable Development. In its overall review of the implementation of the outcomes of the World Summit on the Information Society, the General Assembly of the United Nations committed to harnessing the potential of ICTs to achieve the 2030 Agenda, noting that such technologies could accelerate progress in achieving all 17 Sustainable Development Goals. The digitalization of economic activities and trade is of direct relevance to several of the Goals, as highlighted in various reports.[1]

7. The evolving digital economy raises many policy issues that should be addressed. Governments need to consider the implications of digitalization for policies related to areas such as the labour market (including potential job creation and destruction), education and skills development, innovation, sectoral development, competition, consumer protection, taxation, trade, environmental protection and energy efficiency, as well as regulation related to security, privacy and data protection.

[1] See, for example, E/CN.16/2016/3 and A/71/67-E/2016/51.

8. Even developed countries are struggling to equip themselves with the necessary data for formulating evidence-based policies related to the topics mentioned above, and the situation is worse for developing countries, for which data on many aspects of the digital economy are non-existent. Moreover, the lack of data hampers the ability of developing countries, and especially the least developed countries, to take advantage of opportunities offered by the digital economy. This makes it difficult for policymakers to formulate and implement evidence-based policies.

9. The rapidly evolving nature of the digital economy provides an impetus for developing countries to discuss new statistical needs, to better reflect the changing situation that they face and to adapt existing measurement frameworks to fit their circumstances.

10. Although developed countries have undertaken some initiatives to improve measurement of the digital economy, no such initiatives are available that focus specifically on measuring the needs of, and implications for, developing countries.[2]

II. Role of the Working Group and links to other forums

11. The Working Group on Measuring E-commerce and the Digital Economy would provide an opportunity for UNCTAD member States to discuss ways to support the production of relevant statistics on the digital economy, especially in developing countries. It would meet once per year as a forum for national statistical offices and other organizations involved in the collection of relevant data.

12. The Working Group would focus on topics decided at the preceding session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy. The Working Group would then report back to the subsequent session of the Intergovernmental Group of Experts. This would establish a close link between the policy agenda and the status of statistics corresponding to that agenda. The Working Group could make proposals for consideration by the Intergovernmental Group of Experts.

13. The Working Group would complement the work of other international organizations and groups. Thanks to the Partnership on Measuring ICT for Development, there is a clear division of labour related to measuring different aspects of the information society. In this context, UNCTAD is responsible for the measurement of three areas: ICT use by enterprises, the ICT sector and trade in ICT goods and services. UNCTAD collects data for developing and transition economies (i.e. non-Organization for Economic Cooperation and Development, countries not under the Statistical Office of the European Union).

14. Other members of the Partnership on Measuring ICT for Development carry out other work relevant to the digital economy:[3]

(a) The International Telecommunication Union is responsible for the measurement of ICT infrastructure, ICT access and use by households and individuals, including some indicators related to e-commerce and ICT skills.

(b) The International Labour Organization looks at ICT employment indicators, and the United Nations University has developed methodology on how to measure exports and imports of electronic waste.

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[2] Under the presidency of Germany in 2017, the members of the Group of 20 also focused their efforts to measure and understand e-commerce and its development dimension more effectively.

[3] The Partnership has 14 members: the International Labour Organization; International Telecommunication Union; Organization for Economic Cooperation and Development; UNCTAD; Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization; United Nations Department of Economic and Social Affairs; World Bank; Institute for the Advanced Study of Sustainability of the United Nations University; Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, and Economic and Social Commission for Western Asia of the United Nations; Statistical Office of the European Union; and Secretariat of the Basel, Rotterdam and Stockholm Conventions under the United Nations Environment Programme.

(c) The Organization for Economic Cooperation and Development and the Statistical Office of the European Union (Eurostat) measure the digital economy and e-commerce more comprehensively,[4] but only for their members, whose concerns and priorities may or may not coincide with those of less advanced economies.

15. In addition to contributing to the work of the Partnership within its area of competence, the Working Group on Measuring E-commerce and the Digital Economy of UNCTAD would seek synergies with other organizations and groups also working to measure different aspects of e-commerce and the digital economy. For example, UNCTAD participates in the Working Group on E-commerce of the World Customs Organization, focused on measuring low-value, business-to-consumer cross-border e-commerce of physical goods in order to support its work on revenue collection, trade facilitation, and safety and security.

16. There are also various collaborative efforts that would inform discussions in the Working Group, and vice versa, including:

(a) A joint initiative of an informal group comprising Organization for Economic Cooperation and Development, UNCTAD, the Universal Postal Union, the World Customs Organization and the World Trade Organization to improve measurement of cross-border e-commerce;

(b) The Inter-Agency Task Force on International Trade Statistics, to which UNCTAD has also contributed methodological work to measure trade in ICT-enabled services.

17. In addition, as the Working Group on Measuring E-commerce and the Digital Economy of UNCTAD would lead to greater availability and quality of data relevant to e-commerce and the digital economy, it would strengthen those downstream initiatives which rely on such data, including UNCTAD work on research and analysis products, and technical cooperation products, such as the UNCTAD Business-to-Consumer E-commerce Index, e-readiness indicators used in e-commerce strategies and Rapid eTrade Readiness Assessments.

III. Possible outputs and activities

18. Possible activities of the Working Group on Measuring E-commerce and the Digital Economy, which would serve to inform future deliberations of the Intergovernmental Group of Experts on E-commerce and the Digital Economy could include:

(a) Mapping the availability of data among developing countries in relevant areas of e-commerce and the digital economy. Such stocktaking would help to identify gaps in data availability and potential need for technical assistance. More generally, it would help to reveal statistical topics for which there is a need to develop definitions for better statistical measurement.

(b) Discussing the definition of ICT indicators (since internationally agreed definitions form the basis of consistent measurement, to enable data from different countries to be compared) and priorities for data collection on:

(i) ICT use by enterprises

(ii) E-commerce, including cross-border e-commerce

(iii) Trade in ICT services and ICT-enabled services

(iv) Other aspects of the digital economy.

[4] For example, the Working Party on Measurement and Analysis in the Digital Economy of the Organization for Economic Cooperation and Development.

(c) Discussing the possible need for adaptation of digital economy measurement standards and definitions of the Organization for Economic Cooperation and Development to fit the needs of lower-income countries. This could introduce conceptual frameworks needed to help developing countries to produce comparable data in relevant areas.

(d) Discussing ways of using novel or commercially held sources of data (including big data). Some aspects of e-commerce and the digital economy might be amenable to measurement using digital means and with data provided by online digital platforms.

(e) Contributing to the peer review of an updated version of the 2009 revised edition of the UNCTAD *Manual for the Production of Statistics on the Information Economy* (UNCTAD/SDTE/ECB/2007/2/Rev.1). This would ensure that some participants of the Working Group could influence the content of the revised manual. The manual is used as reference and training material by national practitioners in the implementation of data collections. Updating the manual is necessary to ensure that this international statistical framework continues to be relevant in the context of emerging technological changes.

(f) Discussing the needs for statistical capacity-building in developing countries, especially the least developed countries. This would provide a basis for targeting technical assistance projects for developing member States.

(g) Exploring new avenues for South–South cooperation, including to share knowledge and lessons learned on measuring e-commerce and the digital economy. This could build upon and compliment the work undertaken within the resources of the Working Group.

IV. Suggested practical arrangements

19. The Working Group on Measuring E-commerce and the Digital Economy could meet once per year for two to three days and report to the Intergovernmental Group of Experts on E-commerce and the Digital Economy on an annual basis. Given the need for reporting between the Intergovernmental Group of Experts and the Working Group, it may be convenient for the Working Group to meet in the third quarter of each year, as the Intergovernmental Group of Experts takes place in conjunction with the UNCTAD E-commerce Week (usually held in March or April).

20. In addition to national statistical offices, relevant international organizations should be invited to participate, including the International Labour Organization, International Monetary Fund, International Telecommunication Union, Organization for Economic Cooperation and Development, United Nations Office for South–South Cooperation, United Nations regional commissions, United Nations Statistics Division, World Customs Organization, World Bank and World Trade Organization, as well as relevant expert organizations and research networks (such as Development Implications of Digital Economies, Lirne Asia, Research ICT Africa, Brazilian Network Information Centre/Regional Centre for Studies on the Development of the Information Society and Regional Dialogue on the Information Society).

21. The meetings of the Working Group on Measuring E-commerce and the Digital Economy could be serviced jointly by the Division on Technology and Logistics and the Division on Globalization and Development Strategies, by providing logistical support and preparing documents where relevant, including draft reports.

22. The Working Group would elect a Chair and a Vice-Chair for a term of one year at a time.

23. The focus for each meeting of the Working Group would be determined by the Intergovernmental Group of Experts on E-commerce and the Digital Economy.

V. Possible anticipated resource requirements

24. The possible establishment of the Working Group on Measuring E-commerce and the Digital Economy would require extrabudgetary resources as detailed below. Accordingly, activities of the Working Group, including its meetings, would take place subject to availability of extrabudgetary resources. With this aim, the UNCTAD secretariat could initiate discussions with potential donors that have expressed an interest in funding a possible Working Group.

25. Extrabudgetary resources required on an annual basis would comprise the following:

(a) One full-time staff member at the P-3 level to service the Working Group ($161,500);

(b) Funding for travel and daily subsistence of participants from developing countries, especially from the least developed countries ($80,000);

(c) Limited consultancy funding for the preparation of documents ($40,000).

This would amount to $281,500 per year, plus 13 per cent in programme support costs, for a total of $318,095.